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**DELNITE MINES,  
LIMITED**

MAY 8 1962

*Annual Report*

For the Fiscal Year Ended December 31st, 1961



# *Delnite Mines, Limited*

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*Incorporated under the Laws of the Province of Ontario*

AUTHORIZED CAPITAL \$2,400,000

## O F F I C E R S

WELLES V. MOOT, <i>President and Managing Director</i>	- - - - -	BUFFALO, N.Y.
KENNETH C. GRAY, <i>Vice-President</i>	- - - - -	TORONTO, ONT.
WHITWORTH FERGUSON, <i>Vice-President</i>	- - - - -	BUFFALO, N.Y.
WILLIAM S. WALTON, <i>Secretary-Treasurer</i>	- - - - -	TORONTO, ONT.
GEORGE A. VARY, <i>Manager</i>	- - - - -	TIMMINS, ONT.

## D I R E C T O R S

WELLES V. MOOT	- - - - -	BUFFALO, N.Y.
KENNETH C. GRAY	- - - - -	TORONTO, ONT.
WHITWORTH FERGUSON	- - - - -	BUFFALO, N.Y.
WILLIAM L. MARCY	- - - - -	BUFFALO, N.Y.
WILLIAM S. WALTON,	- - - - -	TORONTO, ONT.
ALEX F. OSBORN	- - - - -	BUFFALO, N.Y.
FREDERICK R. BURTON	- - - - -	TORONTO, ONT.

## T R A N S F E R A G E N T S

CHARTERED TRUST COMPANY  
Toronto, Ontario

MANUFACTURERS AND TRADERS TRUST COMPANY  
Buffalo, N.Y.

## H E A D O F F I C E

(on Mine property, Deloro Township)  
TIMMINS P.O., ONT.

## A U D I T O R S

MCDONALD, CURRIE & CO.  
Chartered Accountants  
Toronto, Ontario

## G E N E R A L C O U N S E L A N D S O L I C I T O R S

HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON & PEPALL  
Toronto, Ontario

## A N N U A L G E N E R A L M E E T I N G

JUNE 19, 1962, 11 O'CLOCK A.M. (DAYLIGHT SAVING TIME)  
MINE OFFICE, DELORO TOWNSHIP, COCHRANE DISTRICT, ONTARIO



# *Report of the Directors*

## **Financial**

## **Summary**

**1961**

### **DELNITE MINES, LIMITED**

#### ASSETS (As of 12/31/61)

Cash, Bullion, Receivables, Prepaid Insurance, et al.	\$1,032,399
Stores and Materials at Cost	160,174
Marketable bonds and shares — at Cost (quoted market value \$166,430)	168,708
	<hr/>
	\$1,361,281

#### FIXED ASSETS

Buildings, plant and equipment — at Cost	\$1,298,824
Accumulated depreciation	1,141,753
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	\$ 157,071
Mining properties — at Cost	1,100,715
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TOTAL	\$2,619,067*

#### CURRENT LIABILITIES

Wages, Salaries, Accounts Payable, Accrued Liabilities and Provision for Ontario Mining Tax	\$ 151,690
Net Current Assets plus Cost of Stores and Materials, per Share Outstanding	40.6¢

\* Deferred Expenditure and Outside Exploration Costs, etc., omitted.

The improvement in earnings which took place in 1960 continued to be most satisfactory during 1961, and as shown by the audited Statement of Profit and Loss for the year ended December 31st, 1961, the net profit for the year increased to \$200,520 as compared to \$133,953 for the year 1960. As set forth in the Manager's Report, this favorable result was largely accounted for by a higher grade of ore and higher recovery per ton and by a higher average price per ounce of gold produced. There was very little change in the tons milled, but the recovery per ton rose from \$8.58 to \$9.26, and the average price per ounce increased from \$34.02 to \$35.47. This change in price resulted from the elimination of the premium on the Canadian dollar and the substitution of a discount in place of the premium. At the end of December, 1961, the price per ounce of gold had risen to over \$36.00. If present exchange rates continue, this should bring substantial increased benefits for Canadian exports generally and for the price of gold in particular.

Due to the character of the ore deposits at Delnite, it is very difficult to maintain an even grade of ore going to the mill, and periods of lower grade than mine average seem to be inevitable. It is our hope and expectation that for 1962 the recovery per ton will be even a little higher than in 1961.

Our Mine Manager, Mr. Vary, reports that a careful survey indicates that the present known ore bodies will probably produce enough ore to keep the mine in profitable operation for something

## *Report of the Directors continued*

over two years from January 1st, 1962, and we hope that we may be able to develop additional ore bodies which will continue mining operations for a further period of time.

In an effort to find such additional ore, we are driving to the west on the 4975-foot level and are now out about 1,250 feet and have recently found some indications of gold values. The geology seems favorable, but as of this date we have not enough information to form any opinion as to the chances of developing a new ore body in this area. We plan to extend this drive for an additional distance of about 750 feet, and it is possible that by the time of the Annual Meeting in June we may have sufficient information from diamond drilling to give us a clearer picture of ore possibilities in this area.

Because this area is nearly a mile below the surface and a quarter to a half mile west of the shaft, it will require higher gold values than our present ore grade to make mining profitable, and it will also be necessary to find a substantial quantity of profitable ore to justify the large cost of mining and development. Further information will be available at the time of the Annual Meeting.

Attached hereto are the report of the Manager for the fiscal year ending December 31st, 1961, and the audited financial statement for that year.

Your directors are most appreciative of the very diligent and successful efforts of our Manager, Mr. George A. Vary, during the past year, and we wish to express to him and to the staff and other employees our gratitude for the excellent results accomplished.

On behalf of the Board,

"WELLES V. MOOT,"

President and Managing Director.

Dated: March 22nd, 1962.

# Manager's Report

March 2, 1962.

The President and Directors,  
Delnite Mines, Limited.

Gentlemen:

The following report covering operations for the fiscal year ending December 31, 1961, is submitted:

**PRODUCTION:**

Ore Treated	183,314 Tons
Gross Value	\$1,824,358

Bullion Recovered:

Gold — 47,780.741 ozs. @ \$35.47	1,694,640
Silver — 3,584.84 ozs. @ .94	3,377

Total Value	1,698,017
Value per Ton	9.95
Recovery per Ton	9.26
Recovery Percent	93.07

**Production Since Milling Commenced June 1, 1937**

Fiscal Period Ending	Tons Milled	Per Ton Milled	Gross Value	Recovery Per Ton	Recovery Value	Average Price Per Ounce
#Mar. 31, 1938	57,689	\$ 7.01	\$ 404,484	\$ 6.41	\$ 369,679	\$35.17
Mar. 31, 1939	91,749	8.56	785,064	7.81	716,521	35.21
†Mar. 31, 1940	114,922	7.78	894,641	7.12	818,313	37.04
Dec. 31, 1940	99,342	7.22	716,875	6.70	665,391	38.50
Dec. 31, 1941	166,596	7.65	1,274,895	7.10	1,183,053	38.50
Dec. 31, 1942	172,727	7.53	1,299,701	7.07	1,220,663	38.50
Dec. 31, 1943	125,887	7.15	900,065	6.51	819,672	38.50
Dec. 31, 1944	93,112	6.57	612,086	6.12	570,247	38.50
Dec. 31, 1945	66,120	5.84	386,414	5.49	363,063	38.50
Dec. 31, 1946	92,731	7.09	657,265	6.79	629,375	36.58
Dec. 31, 1947	101,927	10.18	1,037,861	9.81	999,725	35.00
Dec. 31, 1948	124,835	9.94	1,241,401	9.49	1,184,625	35.00
Dec. 31, 1949	149,087	9.88	1,473,370	9.46	1,410,083	36.24
Dec. 31, 1950	153,165	10.20	1,562,097	9.75	1,492,946	37.90
*Dec. 31, 1951	139,278	11.16	1,554,592	10.73	1,493,931	36.89
Dec. 31, 1952	158,794	11.82	1,877,138	11.35	1,802,159	34.17
*Dec. 31, 1953	106,027	10.47	1,109,823	10.03	1,063,087	34.51
*Dec. 31, 1954	144,431	9.45	1,364,982	9.00	1,299,541	34.09
Dec. 31, 1955	158,710	8.90	1,411,684	8.35	1,325,120	34.55
Dec. 31, 1956	166,694	7.85	1,308,751	7.37	1,228,773	34.43
Dec. 31, 1957	155,826	8.24	1,284,013	7.50	1,168,235	33.61
Dec. 31, 1958	181,842	9.06	1,646,731	8.40	1,526,660	33.93
Dec. 31, 1959	182,746	8.71	1,591,629	8.08	1,476,100	33.53
Dec. 31, 1960	184,425	9.34	1,723,235	8.58	1,582,493	34.02
Dec. 31, 1961	183,314	9.95	1,824,358	9.26	1,698,017	35.47

‡ For Ten Months.

† For Nine Months.

\* Due to strikes, there was no production for one month of 1951, four months of 1953 and one and one-half months of 1954.

**Tons of Ore and Waste Hoisted**

	Ore	Waste	Total
No. 2 Shaft	183,156	—	183,156
No. 3 Shaft	182,926	3,860	186,786

99,036 Tons of backfill were placed in Stopes (80,084 Tons Purchased).

## *Manager's Report continued*

### BROKEN ORE RESERVES:

Broken ore reserves are estimated at 12,891 tons.

### DEVELOPMENT AND EXPLORATION:

		For Year Ending Dec. 31st 1961	1960	Total To Date
Drifts	Feet	1,019	2,560	90,238
Crosscuts	Feet	1,115	356	45,570
Sub-Level Drifts	Feet	1,491	1,497	19,764
Raises	Feet	1,553	1,765	40,269
Shaft Sinking	Feet	—	—	5,928
Stations	Feet	—	—	1,651
Ore and Waste Passes	Feet	—	—	14,527
		5,178	6,178	217,947
Pump Stations	Cu. Feet	—	—	3,778
Sumps	Cu. Feet	—	—	50,754
Diamond Drilling	Feet	17,414	15,530	422,101

### COSTS:

#### Operating Costs (before Cost-Aid):

		Total Costs	Cost Per	Cost Per
			Ton Milled	Fine Oz. Gold
			Year Ending December 31st	Produced Year Ending December 31st
Development and Exploration		\$ 79,009	\$ .43	\$ .61
Mining		1,185,179	6.47	5.85
Milling		302,726	1.65	1.70
General Mine Charges after deducting				
Sundry Revenue		162,497	.89	.79
Administrative Expense (Partly Mine)		52,473	.29	.28
Bullion Marketing Expense, including Mint Handling and Refining Charges		12,142	.06	.06
		<u>\$1,794,026</u>	<u>\$ 9.79</u>	<u>\$ 9.29</u>
				<u>\$ 37.55</u>

#### Other Costs:

Depreciation	\$ 17,452	\$ .09	\$ .09	\$ .36
Shaft Sinking and Development Write-Off	42,145	.23	.32	.88
Provision for Ontario Mining Taxes	7,800	.04	.05	.16
Outside Exploration	3,172	.02	.02	.07
	<u>\$ 70,569</u>	<u>\$ .38</u>	<u>\$ .48</u>	<u>\$ 1.47</u>
Total Costs	<u>\$1,864,595</u>	<u>\$ 10.17</u>	<u>\$ 9.77</u>	<u>\$ 39.02</u>

### ADDITIONS TO PLANT BUILDINGS AND EQUIPMENT:

There were no additions to plant buildings.

Additions to equipment cost \$28,021. The major items were one 3-ton skip bail, five scraper hoists, 1 used International TD14A tractor, 2 used Joy mucking machines, 1 used 3½-ton Ford truck.

## **DEVELOPMENT:**

Development work in the main ore zone was concentrated on exploring and developing the remaining veins on the three bottom levels. Some work remains to be done to the east on the 5250 level where 115 feet of narrow average grade ore was developed during the year.

In all, 1,019 feet of drifting developed 386 feet of average grade ore.

Sub-drifting from stopes developed an additional 1,061 feet of ore.

An exploration drive to investigate the south ore zone at depth was started on the 4975 level in September. By the year end the heading had been advanced 740 feet to the southwest. The diamond drill information obtained at 200-foot intervals has established the continuity of the south ore zone andesite. No values of significance have been encountered to date.

## **MINING:**

Stoping was done on eight levels, all of which were in the #3 internal shaft area.

Due to greater depth of mining and concentration of working places, general mine productivity dropped slightly during the year.

The grade of ore was up somewhat over that mined in 1960. This was due to a greater percentage of ore from the bottom levels.

Heavy ground conditions at depth and the unavoidable concentration of working places on the three bottom levels continues to make mining more difficult and costly.

In December, following a short period of testing, an ammonium nitrate fuel oil blasting agent was adopted to replace conventional high explosive for all primary blasting. The economies effected promise to be substantial and should help offset other rising costs.

## **MILLING:**

The mill operated continuously throughout the year at an average daily rate of 502 tons compared with 504 tons for the operating period in 1960.

The changes made as a result of the test work conducted by the Department of Mines and Technical Surveys in Ottawa in 1960 gave an improvement in extraction of over one percent in 1961.

## **GENERAL:**

At the request of and for the account of Aunor Gold Mines, Limited, Delnite drove into Aunor ground 309 feet on the 3250 level, 1,131 feet on the 3875 level and 830 feet on the 4975 level.

The second half of the two-year contract with the United Steelworkers of America resulted in a wage increase of 3 cents an hour on July 7, 1961.

I wish to take this opportunity to express my appreciation for your guidance and co-operation and to thank the supervisors and their staffs for their continued endeavour and loyalty.

Respectfully submitted,

"G. A. VARY,"

Manager.

# Balance Sheet as at

## ASSETS

### CURRENT ASSETS:

Cash	\$ 208,136
Short-term investments — at cost	500,000
Bullion	146,609
Marketable bonds and shares — at cost (quoted market value \$166,430)	168,708
Accounts and interest receivable	15,012
Receivable under The Emergency Gold Mining Assistance Act	152,309
Prepaid insurance and other expenses	10,333
	<u>\$1,201,107</u>
STORES AND MATERIALS — at cost	160,174

### FIXED ASSETS:

Buildings, plant and equipment — at cost	1,298,824
Accumulated depreciation	1,141,753
	<u>157,071</u>
Mining properties — at cost	1,100,715
	<u>1,257,786</u>

### DEFERRED EXPENDITURE:

Shaft sinking and development costs	451,114
Amounts written off	343,332
	<u>107,782</u>
Outside exploration costs and shares of mining companies — at cost, less amounts written off	2
	<u>107,784</u>
	<u><u>\$2,726,851</u></u>

### AUDITORS' REPORT

We have examined the balance sheet of Delnite Mines, Limited as at December 31, 1961 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto,  
February 23, 1962.

*December 31, 1961*

**LIABILITIES**

CURRENT LIABILITIES:

Salaries and wages .....	\$ 26,690
Accounts payable and accrued liabilities .....	117,200
Provision for Ontario mining tax .....	7,800
	<u>\$ 151,690</u>

CAPITAL STOCK AND SURPLUS:

Capital stock (Note) —	
Authorized —	
3,000,000 shares of a par value of \$.80 each .....	<u>\$2,400,000</u>
Issued and fully paid —	
2,978,767 shares .....	2,383,013
Discount thereon (Net) .....	1,151,956
	<u>1,231,057</u>
Earned surplus .....	1,344,104
	<u>2,575,161</u>

Approved on behalf of the Board:

"WELLES V. MOOT," Director.

"W. S. WALTON," Director.

\$2,726,851

**TO THE SHAREHOLDERS**

In our opinion, the accompanying balance sheet and statements of profit and loss and earned surplus present fairly the financial position of the company as at December 31, 1961 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,  
Chartered Accountants.

## *Statement of Earned Surplus*

FOR THE YEAR ENDED DECEMBER 31, 1961

BALANCE — DECEMBER 31, 1960 .....	\$1,135,633
Net profit for the year .....	200,520
Gain on disposal of fixed assets .....	4,600
Overprovision of prior year's mining taxes .....	3,351
BALANCE — DECEMBER 31, 1961 .....	<u><u>\$1,344,104</u></u>

## *Statement of Profit and Loss*

FOR THE YEAR ENDED DECEMBER 31, 1961

BULLION PRODUCTION .....	\$1,698,016
<b>EXPENDITURE:</b>	
Development, mining, milling, marketing, maintenance, general and administrative (including directors' fees \$4,000) .....	\$1,794,026
Depreciation of buildings, plant and equipment .....	17,452
Shaft sinking and development costs written off .....	42,145
	<u>1,853,623</u>
LESS: Amount recoverable under The Emergency Gold Mining Assistance Act .....	345,400
	<u>1,508,223</u>
PROFIT BEFORE THE FOLLOWING ITEMS .....	<u>189,793</u>
OUTSIDE MINING EXPLORATION COSTS WRITTEN OFF .....	<u>3,171</u>
	<u>186,622</u>
<b>OTHER INCOME:</b>	
Interest and dividends .....	<u>21,698</u>
	<u>208,320</u>
PROVISION FOR ONTARIO MINING TAX .....	<u>7,800</u>
NET PROFIT FOR THE YEAR .....	<u><u>\$ 200,520</u></u>

**BREAKDOWN OF SUPPLIES AND SERVICES****PURCHASED DURING 1961**

Air Operated Equipment and Parts	\$ 60,609
Backfill	47,906
Building Products	6,365
Coal	5,086
Diamond Drilling	23,054
Drilling Bits, Steel, Etc.	72,794
Electrical Equipment and Supplies	7,121
Explosives	60,997
Freight and Express, Rail and Truck Transport	11,031
Insurance	6,815
Iron and Steel Products	119,123
Lumber, Timber and Preservatives	89,203
Mine Locomotives, Car Parts, Batteries and Charging Equipment	5,751
Mine and Mill Tools, and Machinery	32,960
Miscellaneous	31,776
Petroleum Products	11,389
Power	86,921
Reagents, Acids, Chemicals and Refractories	54,875
Rubber Products	8,713
Safety Equipment and Supplies	11,845
Trucks and Other Vehicles	11,233
	<hr/>
	<u>\$ 765,567</u>

**PRINCIPAL CANADIAN CITIES AND TOWNS WHICH BENEFIT:**

Belleville, Brantford, Burlington, Downsview, Galt, Haileybury, Hamilton, Jackson's Point, Joliette, Kirkland Lake, Kitchener, Lachine, Leaside, London, Matheson, Montreal, New Liskeard, Noranda, North Bay, Oakville, Orillia, Ottawa, Owen Sound, Peterborough, Rexdale, St. Catharines, St. Johns, St. Laurent, Sault Ste. Marie, Schumacher, Sorel, South Porcupine, Sudbury, Swastika, Timmins, Toronto, Ville La Salle, Waterloo.

**NUMBER OF COMPANIES AND INDIVIDUALS (WITH GEOGRAPHICAL LOCATION) FROM WHOM SUPPLIES OR SERVICES PURCHASED:**

Ontario	178
Quebec	14





